

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 FEA-01 ACDA-10 IO-10

L-03 NSC-05 NRC-07 OES-05 DODE-00 SS-15 STR-04 CEA-01

AGR-10 PA-02 PRS-01 /142 W  
----- 106560

R 231911Z OCT 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4529

INFO AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL NICE

AMCONSUL STRASBOURG

UNCLAS SECTION 01 OF 02 PARIS 27647

E.O. 11652: N/A

TAGS: BEXP, FR

SUBJ: FY 76 CCP: FIRST QUARTER PROGRESS REPORT

REF.: (A) STATE 244219; (B) STATE 280182, DEC. 23,  
1974; (C) PARIS 25720; (D) PARIS 27107

1. EMBASSY'S REVIEW OF FY 76 CCP FIRST QUARTER  
PROGRESS REPORT FOLLOWS. PURSUANT REFTEL A, COUNTRY  
COMMERCIAL ACTION GROUP (CCAG) EXAMINED EFFECTS ON  
CAMPAIGNS OF CHANGES IN FRENCH ECONOMY. WHILE FRENCH  
GDP WILL DECLINE APPROXIMATELY 2.0 IN 1975, SIGNS OF  
SLIGHT RECOVERY ARE APPEARING. RATE OF GROWTH IN  
SECOND HALF OF 1975 IS ESTIMATED AT ABOUT 2.3, BUT  
LITTLE ACCELERATION IS EXPECTED IN 1976 AS DESTOCKING  
AND EXCESS CAPACITY ACT AS RESTRAINING FACTORS.  
(SEE REFTELS C AND D FOR LATEST ANALYSIS OF FRENCH  
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FINANCIAL AND ECONOMIC DEVELOPMENTS.) COMMENTS AND

CCAG RECOMMENDATIONS FOR WASHINGTON COMMERCIAL ACTION GROUP (WCAG) CONSIDERATION ARE INCLUDED IN CAMPAIGN PROGRESS NARRATIVE.

2. ALL ACTIONS REQUIRED BY SEPTEMBER 30 WERE COMPLETED EXCEPT:

A. CAMPAIGN 1 (PRINTING AND GRAPHIC ARTS EQUIPMENT). ITEM 2. ONLY 3 PTO'S WERE SUBMITTED DURING THE QUARTER, PRIMARILY BECAUSE OF THE NORMAL SLOWDOWN IN BUSINESS ACTIVITY DURING THE VACATION PERIOD AND FACT THAT ACTION RESPONSIBILITY FOR CAMPAIGN WAS REASSIGNED END JUNE. COMMENT. CAMPAIGN 1 OBJECTIVES HAVE NOT BEEN SIGNIFICANTLY AFFECTED BY FRENCH ECONOMIC SITUATION.

B. CAMPAIGN 2 (WATER PURIFICATION AND POLLUTION CONTROL EQUIPMENT AND INSTRUMENTATION). ITEM 2. CCP CALLS FOR 8 PTO'S; 13 PTO'S WERE SUBMITTED. ITEM 4. USIA FILM ON ENVIRONMENTAL PROBLEMS AND THEIR SOLUTIONS WAS SHOWN 3 TIMES VERSUS ONE SHOWING CALLED FOR IN CCP. ITEM 5. FOLLOW-UP ON FY 76 POLLUTION CONTROL CATALOG SHOW WAS DELAYED TO SEE IF CONSULATES WERE INTERESTED IN HOSTING CATALOG SHOWS (I.E., FOLLOW-UP LETTER COULD ALSO SOLICIT PARTICIPATION IN FUTURE CATALOG SHOWS). POSSIBILITY OF MOUNTING CATALOG SHOWS IN CONSULATES DISCUSSED AT CONSULAR CONFERENCE ON COMMERCIAL PROGRAM HELD IN PARIS, SEPTEMBER 18-19, 1975. TO DATE, NO CONSULATE HAS EXPRESSED A DEFINITE INTEREST. ITEM 6. CCP CALLS FOR DEVELOPING ONE LICENSING OPPORTUNITY; TWO WERE DEVELOPED DURING FIRST QUARTER. IN ADDITION TO ABOVE ACTIONS INCLUDED IN CCP, COMAFF SUPPORTED FOREIGN BUYERS GROUP PROGRAM WITH 650 MAILINGS MADE ON BEHALF OF THE 4TH INTERNATIONAL POLLUTION ENGINEERING EXPOSITION AND CONGRESS TO BE HELD IN CLEVELAND, OHIO, OCTOBER 20-23, 1975. COMMENT. CAMPAIGN 2 OBJECTIVES HAVE NOT BEEN SIGNIFICANTLY AFFECTED BY FRENCH ECONOMIC SITUATION.

C. CAMPAIGN 3 (ENERGY SYSTEMS). ITEM 1. TRADE CENTER UNCLASSIFIED

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SHOW ON FLUID POWER EQUIPMENT SCHEDULED FOR SEPTEMBER 1975 WAS CANCELLED DUE TO RECRUITMENT DIFFICULTIES IN U.S. AN ATTEMPT WAS MADE IN JULY TO RECRUIT A BSP LOCALLY TO SUBSTITUTE FOR THE CANCELLED SHOW. THOUGH SEVERAL FIRMS EXPRESSED INTEREST, WE WERE UNABLE TO LINE UP A SUFFICIENT NUMBER TO HOLD THE BSP. ITEM 2. TWELVE BLUE RIBBON CALLS WERE MADE AND 800 FLYERS WERE MAILED TO SUPPORT FRENCH ATTENDANCE AT NUCLEX 75.

ITEM 3. TEN PTO'S WERE SUBMITTED VERSUS THE 3 CALLED  
FOR IN CCP. COMMENT. CURRENT ECONOMIC SITUATION IN  
FRANCE HAS NOT AS YET AFFECTED PACE OF FRENCH NUCLEAR  
PROGRAM. HOWEVER, DRASTIC RESTRUCTURING OF FRENCH  
NUCLEAR INDUSTRY ANNOUNCED BY PRESIDENT GISCARD LAST  
AUGUST MAY IMPACT U.S. SUPPLIERS ADVERSELY. FRANCE  
HAS OPTED FOR ONE SINGLE, STRONG REACTOR BUILDER,  
FRAMATOME, DISMISSING THE GE LICENSEE (CGE) FROM THE  
REACTOR MARKET. FURTHERMORE, GOF ATOMIC AUTHORITY

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(CEA) IS SEEKING A ONE-THIRD STAKE IN FRAMATOME AT  
EXPENSE OF WESTINGHOUSE. CEA PARTICIPATION WILL ENABLE  
GOF TO ASSERT FIRMER CONTROL OVER NUCLEAR PROGRAM AND  
ASSURE ITS GOAL OF FRENCH INDEPENDENCE IN THIS SECTOR.

SUCH CONTROL MAY WELL HAVE DEPRESSING EFFECT ON EFFORTS OF U.S. SUPPLIERS OF PERIPHERAL EQUIPMENT. HOWEVER, IT IS PREMATURE TO RECOMMEND CHANGES IN CAMPAIGN 3 AT THIS TIME.

D. CAMPAIGN 4 (FOOD PROCESSING AND PACKAGING EQUIPMENT). ITEM 2. NO END-USER PTO'S WERE DEVELOPED. CAMPAIGN WAS ONLY LAUNCHED THIS QUARTER IN FRANCE AND WE EXPECT THAT BULK OF PTO'S WILL SURFACE AFTER OUR CAMPAIGN MAILINGS BEGIN THIS MONTH. COMMENT. FRENCH RECESSION SEEMS TO HAVE HAD NO DISCERNIBLE EFFECT ON FOOD PRO-  
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CESSING AND PACKAGING EQUIPMENT MARKET; IMPORTS IN 1974 ROSE SIGNIFICANTLY OVER 1973. ALTERATIONS IN CAMPAIGN 4 ARE NOT CALLED FOR.

E. CAMPAIGN 5 (CONSUMER GOODS). ITEM 2. FIFTEEN FRENCH BUYERS WENT AS A GROUP TO NATIONAL HARDWARE SHOW IN CHICAGO; HOWEVER, NUMBER OF FRENCH VISITORS WHO WENT TO SHOW ON INDIVIDUAL BASIS NOT YET RECEIVED FROM SHOW ORGANIZERS. ITEM 9. AMERICAN WEEK IN DEAUVILLE, SCHEDULED IN CONJUNCTION WITH FILM FESTIVAL, WAS CANCELLED BY ORGANIZERS BECAUSE OF LACK OF RESPONSE BY LOCAL FIRMS. COMMENT. ALTHOUGH CONSUMER DEMAND IS PICKING UP AND IS LEADING INDICATOR OF UPTURN IN FRENCH ECONOMY, DEPARTMENT STORE MANAGERS HAVE ADAPTED CAUTIOUS APPROACH AND ARE RELUCTANT TO UNDERTAKE MAJOR PROMOTIONAL EFFORTS. THUS, GALERIES LAFAYETTE AND LA REDOUTE CANCELLED IN-STORE PROMOTION ACTIVITIES. HOWEVER, NOUVELLES GALERIES AGREED TO HOLD IN-STORE PROMOTION EVENT IN MAY 1975 AND GALERIES LAFAYETTE MAY HOLD EVENT LAST QUARTER CY 1975. THEREFORE, WE PROPOSE TO DROP ITEM 3 FROM CCP SECOND QUARTER ACTIONS AND CHANGE ITEM 5 OF CCP THIRD QUARTER ACTIONS TO READ NOUVELLES GALERIES.

F. CAMPAIGN 6 (COMPUTER AND EDP EQUIPMENT). ITEM 1. CCP CALLS FOR RECRUITING ONE BSP; 5 BSP'S WERE HELD DURING FIRST QUARTER. COMMENT. CAMPAIGN 6 OBJECTIVES HAVE NOT BEEN SIGNIFICANTLY AFFECTED BY FRENCH ECONOMIC SITUATION.

G. CAMPAIGN 7 (INVEST IN USA). ITEM 1. A COMPREHENSIVE TARGET LIST OF POTENTIAL INVESTORS IS CURRENTLY UNDER PREPARATION. THE LIST AS IT STANDS HAS BEEN USED TO ASSIST A NUMBER OF STATE REPRESENTATIVES VISITING FRANCE THIS FALL, INCLUDING GEORGIA, ALABAMA, ILLINOIS AND CONNECTICUT. ITEM 3 (SECOND QUARTER). THE REGIONAL INVEST-IN-USA SEMINAR SCHEDULED FOR LYON

IN NOVEMBER HAS NOW SLIPPED TO LATE JANUARY, BUT  
PLANS ARE NOW ADVANCING FOR A SEMINAR IN NANTES ON  
DECEMBER 3. AT LEAST ONE OTHER WILL BE CONDUCTED AFTER  
LYON. ONLY TWO INVESTMENT OPPORTUNITIES HAVE THUS FAR  
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BEEN REFERRED TO THE STATES. COMMENT. INDICATIONS OF  
U.S. ECONOMIC RECOVERY HAVE APPARENTLY BOLSTERED  
ALREADY GROWING FRENCH INTEREST IN REVERSE  
INVESTMENT.

H. NON-CAMPAIGN ACTIVITY (HOTEL AND CATERING  
EQUIPMENT). OUTLOOK FOR FOREIGN BUYERS GROUP TO  
INTERNATIONAL HOTEL/MOTEL AND RESTAURANT SHOW,  
NOVEMBER 10-13 IN NEW YORK SEEMS PROMISING. THE  
"FEDERATION DE L'INDUSTRIE HOTELIERE RHONE-ALPES" IS  
ORGANIZING AN OFFICIAL TRIP WITH 200 PEOPLE ATTENDING  
THE SHOW. ACCORDING TO USTS, 200 PEOPLE EXPRESSED AN  
INTEREST, THROUGH THE TOUR OPERATORS, TO PARTICIPATE  
IN THE SHOW.  
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